

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

Friday, August 21, 2009

YEAR 20

## YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	First Place is Easy!	118	98	108	+4
2	Illinois Kixx	116	83	100	+10
3	D Company	111	71	91	+11
4	H Company	98	54	76	-3
5	B Company	91	47	69	-4
6	K...good game every1	70	35	53	-44
7	A Company	51	38	45	-17
8	Jorges Zapatos!	16	12	14	-2
9	C (deleted)	0	0	0	0
9	E (deleted)	0	0	0	0
9	G (deleted)	0	0	0	0
9	L (deleted)	0	0	0	0

## GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	First Place is Easy!	118	93	106	0
2	Illinois Kixx	116	73	95	+3
3	H Company	104	56	80	-1
4	D Company	97	54	76	+8
5	K...good game every1	89	59	74	-23
6	B Company	92	46	69	-6
7	A Company	70	44	57	-7
8	Jorges Zapatos!	17	13	15	-1
9	C (deleted)	0	0	0	0
9	E (deleted)	0	0	0	0
9	G (deleted)	0	0	0	0
9	L (deleted)	0	0	0	0

**Investor Expectation Score (I.E-I)** — Investors and company boards of directors have established annual targets for five key performance measures and the importance weighting of each: EPS (20 points), ROE (20 points), Stock Price (20 points), Credit Rating (20 points), and Image Rating (20 points). Pages 2 and 3 of this report show the investor expectation targets (in parenthesis just under the column heads for each year). The score on a performance measure is equal to the percentage of the target that was achieved. Achieving higher than targeted performance results in bonus awards of 0.5% for each 1% overachieved (capped at 40% over the target). Thus, the Investor Expectation Score ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

**Best-In-Industry Score (B-I-I)** — This scoring standard is based on how well each company performs relative to the best-performing company in the industry on EPS (20 points max), ROE (20 points max), Stock Price (20 points max), Credit Rating (20 points max), and Image Rating (20 points max). In order to get a score of 100, a company must be the best performing company in the industry on all 5 measures, achieve no lower than the investor expectation on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating.

**Overall Score** — This measure is used to determine each company's ranking in the Year 20 Scoreboard and Game-To-Date Scoreboard above. The overall score is determined by combining the Investor Expectation Score and the Best-In-Industry Score into a single score using the 50%-50% weighting that was specified by your instructor.

**EARNINGS PER SHARE (\$)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected EPS target shown below each yearly column head. Best-In-Industry performers earn the top score, and scores of other companies are a percentage of the industry-leading EPS performance. Game-To-Date scores are based on weighted average annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	I. E.	B-I-I	I. E.	B-I-I	
A	1.49	0.73	0.64	1.22	2.26	3.16	2.24	2.46	2.43	0.31	1.71	1	0	10	3	A
B	2.24	<b>3.62</b>	<b>3.12</b>	<b>4.36</b>	<b>4.91</b>	<b>5.96</b>	<b>4.16</b>	<b>4.14</b>	<b>6.14</b>	<b>5.55</b>	<b>4.35</b>	<b>23</b>	7	<b>22</b>	9	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	C
D	1.54	0.67	0.74	1.37	1.99	3.08	3.28	2.90	<b>6.16</b>	<b>7.32</b>	2.85	<b>24</b>	9	16	6	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	E
F	<b>3.84</b>	<b>3.24</b>	<b>5.08</b>	<b>8.23</b>	<b>9.83</b>	<b>14.77</b>	<b>13.45</b>	<b>13.06</b>	<b>14.99</b>	<b>15.86</b>	<b>10.22</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	G
H	<b>2.96</b>	2.73	2.95	<b>3.59</b>	<b>5.30</b>	<b>5.77</b>	2.79	<b>4.73</b>	<b>5.57</b>	<b>4.46</b>	<b>4.02</b>	<b>20</b>	6	<b>21</b>	8	H
I	<b>2.96</b>	2.77	2.37	<b>4.92</b>	<b>7.56</b>	<b>6.22</b>	<b>6.36</b>	<b>7.84</b>	<b>8.37</b>	<b>10.11</b>	<b>5.87</b>	<b>24</b>	13	<b>24</b>	11	I
J	0.67	-0.21	-0.78	2.40	2.77	2.60	-2.54	-2.64	-8.21	-6.59	-0.96	0	0	0	0	J
K	<b>5.48</b>	<b>5.82</b>	<b>4.46</b>	<b>7.47</b>	<b>8.10</b>	<b>12.80</b>	<b>11.86</b>	<b>11.36</b>	<b>15.72</b>	3.67	<b>8.67</b>	17	5	<b>24</b>	17	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	L

**RETURN ON EQUITY (%)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected 15% ROE target. Best-In-Industry performers earn the top score, and other companies earn scores based on their ROE as a % of the industry-leading ROE performance. Game-To-Date scores are based on weighted average annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	9.8	4.8	3.7	6.9	12.5	14.9	9.5	10.3	10.6	1.3	8.8	2	1	12	5	A
B	13.8	<b>18.3</b>	<b>17.4</b>	<b>20.2</b>	<b>19.2</b>	<b>19.5</b>	11.6	10.4	13.7	13.3	<b>15.5</b>	18	12	20	9	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	C
D	9.8	4.0	4.5	8.2	11.2	<b>15.6</b>	14.8	11.7	<b>21.6</b>	<b>22.9</b>	14.2	<b>24</b>	<b>20</b>	19	8	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	E
F	<b>23.9</b>	<b>23.9</b>	<b>31.9</b>	<b>35.6</b>	<b>29.5</b>	<b>33.0</b>	<b>24.3</b>	<b>21.0</b>	<b>21.9</b>	<b>21.6</b>	<b>25.9</b>	<b>24</b>	19	<b>24</b>	14	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	G
H	<b>17.8</b>	14.0	13.5	<b>15.3</b>	<b>18.9</b>	<b>17.5</b>	7.6	11.9	12.9	9.7	13.8	13	8	18	8	H
I	<b>18.5</b>	<b>17.5</b>	14.1	<b>25.4</b>	<b>28.5</b>	<b>20.5</b>	<b>20.0</b>	<b>20.9</b>	<b>19.6</b>	<b>22.4</b>	<b>21.9</b>	<b>24</b>	<b>20</b>	<b>24</b>	12	I
J	4.5	-1.5	-5.9	<b>17.0</b>	<b>16.7</b>	14.4	-22.5	-30.3	-250.0	0.0	-9.0	0	0	0	0	J
K	<b>33.7</b>	<b>41.1</b>	<b>28.1</b>	<b>40.4</b>	<b>36.2</b>	<b>49.5</b>	<b>36.0</b>	<b>29.7</b>	<b>43.9</b>	11.3	<b>35.8</b>	15	10	<b>24</b>	<b>20</b>	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	L

**STOCK PRICE (\$ per share)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected stock price shown below each yearly column head. Best-In-Industry performers earn the top score, and other companies earn scores based on their stock price as a % of the industry-leading stock price. Game-To-Date scores are based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	16.36	9.66	6.30	13.54	31.33	<b>44.70</b>	30.18	29.71	28.71	16.22	6	1	6	1	A
B	23.60	<b>44.98</b>	34.40	<b>60.20</b>	<b>71.27</b>	<b>84.30</b>	44.37	43.60	<b>67.78</b>	<b>69.46</b>	23	5	23	5	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	C
D	16.90	9.70	6.53	13.54	23.21	38.87	41.21	33.26	<b>93.29</b>	<b>114.39</b>	<b>24</b>	8	<b>24</b>	8	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	E
F	<b>58.30</b>	<b>37.66</b>	<b>72.04</b>	<b>161.34</b>	<b>187.29</b>	<b>310.22</b>	<b>262.66</b>	<b>235.64</b>	<b>263.06</b>	<b>286.05</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	G
H	<b>35.97</b>	30.03	31.14	<b>42.05</b>	<b>71.62</b>	<b>77.44</b>	35.36	<b>55.14</b>	<b>62.05</b>	<b>65.65</b>	22	5	22	5	H
I	<b>44.96</b>	32.02	23.18	<b>72.06</b>	<b>129.00</b>	<b>109.47</b>	<b>87.44</b>	<b>98.59</b>	<b>108.84</b>	<b>187.98</b>	<b>24</b>	13	<b>24</b>	13	I
J	16.35	9.75	5.95	28.36	34.65	30.11	16.38	10.29	6.00	4.55	2	0	2	0	J
K	<b>110.19</b>	<b>119.74</b>	<b>73.64</b>	<b>153.60</b>	<b>162.22</b>	<b>288.38</b>	<b>244.01</b>	<b>193.49</b>	<b>275.57</b>	<b>110.62</b>	<b>24</b>	8	<b>24</b>	8	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	L

**CREDIT RATING**

Scores are based on a 20% or 20-point weighting. Bolded credit ratings indicate meeting or beating the B+ investor-expectation. For the Best-In-Industry scoring, companies with an A+ credit rating earn a score of 20 points and lesser credit ratings earn lower scores. Game-To-Date scores are based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
<b>A</b>	B	B-	B	A-	A+	A	A+	B+	A-	B+	Medium	20	17	20	17	<b>A</b>
<b>B</b>	B-	C+	C	B	B+	A-	B	B	B	C+	N/A	8	8	8	8	<b>B</b>
<b>C</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	<b>C</b>
<b>D</b>	C+	C-	C-	C-	C+	C+	B-	C	B-	B	Medium	16	14	16	14	<b>D</b>
<b>E</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	<b>E</b>
<b>F</b>	B	C	C	B	B	A-	A-	A-	A+	A	Low	23	19	23	19	<b>F</b>
<b>G</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	<b>G</b>
<b>H</b>	B	B-	C+	B	A-	A-	B+	A-	A	A	Medium	23	19	23	19	<b>H</b>
<b>I</b>	B	C+	C	B+	A	A-	A	B+	A	A	Low	23	19	23	19	<b>I</b>
<b>J</b>	C	C-	C-	C	B+	B	C-	C-	C-	C-	N/A	0	1	0	1	<b>J</b>
<b>K</b>	B+	B	B	B+	B+	B+	B+	B+	B	C-	N/A	0	1	0	1	<b>K</b>
<b>L</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	<b>L</b>

**IMAGE RATING**

Scores are based on a 20% or 20-point weighting. Bolded image ratings indicate meeting or beating the yearly target of 70. Best-In-Industry performers earn the top score, and scores of other companies are based on their image rating as a % of the leading image rating. Game-To-Date scores are based on the average of image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
<b>A</b>	79	78	85	85	85	86	91	81	78	87	82	22	19	22	18	<b>A</b>
<b>B</b>	70	89	67	64	67	63	56	70	64	67	67	19	15	19	15	<b>B</b>
<b>C</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>C</b>
<b>D</b>	72	81	72	71	77	76	81	75	82	90	82	23	20	22	18	<b>D</b>
<b>E</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>E</b>
<b>F</b>	89	79	90	88	96	100	90	84	93	89	89	23	20	23	20	<b>F</b>
<b>G</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>G</b>
<b>H</b>	64	80	68	82	76	72	73	67	69	70	69	20	16	20	16	<b>H</b>
<b>I</b>	70	78	80	86	89	84	84	81	81	79	80	21	18	21	18	<b>I</b>
<b>J</b>	55	51	65	58	57	54	51	58	55	49	54	14	11	15	12	<b>J</b>
<b>K</b>	57	58	58	58	62	63	62	64	64	50	59	14	11	17	13	<b>K</b>
<b>L</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 10 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	7050	1892	0	1.28	0.33
Year 12	8936	2556	0	1.16	0.34	0.00
Year 13	10669	2569	0	1.36	0.36	0.00
Year 14	13579	2901	0	1.55	0.37	0.00
Year 15	14773	3862	0	1.65	0.51	0.00
Year 16	17258	5243	0	1.97	0.63	0.00
Year 17	20185	5929	0	1.98	0.58	0.00
Year 18	24542	6683	0	2.53	0.69	0.00
Year 19	27687	7919	0	2.56	0.71	0.00
Year 20	26142	8230	0	2.50	0.67	0.00

**Image Rating Points Generated from CSRC Expenditures**

	High	Avg.	Low
	Year 11	3	1
Year 12	6	3	0
Year 13	10	4	0
Year 14	13	5	0
Year 15	16	6	0
Year 16	17	6	0
Year 17	18	6	0
Year 18	20	7	0
Year 19	20	9	0
Year 20	20	9	0

**★ GOLD STAR AWARD ★**

**for Corporate Citizenship**

Beginning in Year 14, the World Council for Exemplary Corporate Citizenship presents a Gold Star Award to the company spending the highest % of its revenues for social responsibility and citizenship initiatives.

	Award Winner	2nd Place
Y14	Illinois Kixx	D Company
Y15	Illinois Kixx	H Company
Y16	Illinois Kixx	D Company
Y17	Illinois Kixx	D Company
Y18	Illinois Kixx	D Company
Y19	Illinois Kixx	H Company
Y20	Illinois Kixx	D Company

**FOOTWEAR PRODUCTION** (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	40,320	8,040	52,843	5,400	106,603
- Pairs Rejected	2,498	506	3,316	350	6,670
Net Y20 Production (after rejects)	37,822	7,534	49,527	5,050	99,933
Superior Materials Usage	11.6%	17.5%	23.7%	54.0%	20.2%
Capacity Utilization (branded + P-L prod.)	120.0%	120.0%	116.7%	120.0%	118.3%

**MATERIALS PRICES** (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 4.17	+ 0.58	11.75
Superior Materials	16.00	- 2.38	+ 1.33	14.95

**BRANDED WAREHOUSES** (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	5,074	4,478	4,095	3,142	16,789
- Pairs Cleared (inventory clearance)	149	644	380	459	1,632
Beginning Y20 Inventories	4,925	3,834	3,715	2,683	15,157
+ New Production (shipped from plants)	20,593	23,634	21,148	22,734	88,109
Pairs Available for Sale in Y20	25,518	27,468	24,863	25,417	103,266

**BRANDED DEMAND & SALES** (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Projected Y20 Demand (see Y19 FIR)	23,090	23,531	21,958	21,394	89,973
Actual Year 20 Demand	22,673	22,696	21,839	20,935	88,143
Branded Pairs Sold	21,242	22,577	21,032	20,860	85,711
Required Y20 Ending Inventories	1,916	1,945	1,944	1,835	7,640
Inventory Surplus (Shortfall)	701	2,500	703	2,292	6,196

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 6.3%
- Available for shipment to warehouses
- % usage down by 12.7 points from Y19
- % utilization up by 6.3 points over Y19

Lower than normal (20.2% industrywide) superior materials usage led to superior materials prices that were 14.9% below the base and standard materials prices that were 59.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 8.3% from the base.

- Average inventory clearance of 9.7%
- 17.2% higher than Y20 demand

Actual demand in Year 20 was 2.0% less than expected due to increases in industry average prices.

- Needed to achieve delivery times

{ Okay in N.A. High in E-A  
 { Okay in A-P High in L.A.

**DEMAND FORECAST** (000s of pair)

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America	23,580	24,523	25,504	26,524
(internet + wholesale) Europe-Africa	23,604	24,548	25,530	26,551
Asia-Pacific	23,150	24,539	26,011	27,572
Latin America	22,191	23,522	24,933	26,429
<b>Total</b>	92,525	97,132	101,978	107,076
<b>Private-Label</b> — North America	3,768	3,768	3,768	3,768
Europe-Africa	3,744	3,744	3,744	3,744
Asia-Pacific	3,776	3,776	3,776	3,776
Latin America	3,712	3,712	3,712	3,712
<b>Total</b>	15,000	15,000	15,000	15,000

**GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21**

<b>Supply</b> — Beginning Year 21 Inventory (000s)	17,555
Potential Production (at max OT)	108,960
<b>Potential Global Supply</b>	126,515
<b>Demand</b> — Branded Sales Forecast (000s)	92,525
Private-Label Sales Forecast	15,000
<b>Expected Global Demand</b>	107,525
<b>Conclusion:</b>	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

**PLANT CAPACITY** (000s of pairs w/o overtime)

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20	
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total		
A	2,100	2,000	4,400	0	0	0	0	0	2,100	2,000	4,400	0	8,500	700	A
B	4,300	3,200	5,700	0	0	0	0	0	4,300	3,200	5,700	0	13,200	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	7,600	0	5,800	0	0	0	0	0	7,600	0	5,800	0	13,400	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	7,000	0	9,600	0	0	0	0	0	7,000	0	9,600	0	16,600	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	2,500	1,500	4,000	1,500	0	0	0	0	2,500	1,500	4,000	1,500	9,500	0	H
I	3,000	0	5,000	3,000	-1,000	0	-500	0	2,000	0	4,500	3,000	9,500	0	I
J	5,600	0	12,000	0	-5,600	0	-6,000	0	0	0	6,000	0	6,000	0	J
K	8,100	0	5,300	0	0	0	0	0	8,100	0	5,300	0	13,400	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
<b>Total</b>	40,200	6,700	51,800	4,500	-6,600	0	-6,500	0	33,600	6,700	45,300	4,500	90,100	700	

**INCOME STATEMENT DATA (\$000s)**

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
A	703,301	354,317	46,553	282,094	10,921	9,416	2,730	2,006	4,680	0	15,210	A
B	819,224	449,486	45,813	230,777	15,621	77,527	18,096	17,829	41,602	135,000	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	861,765	499,933	48,488	173,818	16,869	122,657	33,860	26,339	61,458	6,379	8,393	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	931,444	498,127	51,654	182,285	20,068	179,310	9,422	50,966	118,922	120,000	7,500	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	520,361	352,543	36,572	62,105	12,669	56,472	5,277	14,342	33,465	30,000	7,500	H
I	644,473	344,323	37,111	127,660	13,120	122,259	13,911	32,504	75,844	37,500	7,500	I
J	344,893	238,457	21,839	59,351	8,417	16,829	67,555	0	-50,726	0	7,700	J
K	526,346	209,487	43,750	194,932	15,819	62,358	23,033	11,798	27,527	97,500	7,500	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	668,976	368,334	41,473	164,128	14,188	80,854	21,736	19,473	39,097	53,297	8,600	

**SELECTED BALANCE SHEET DATA (\$000s)**

**DIVIDEND DATA**

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity				Year 20 Dividend (\$ / share)	No. of Changes (+ / -)	
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained	Ending Equity			
A	0	199,097	408,691	46,893	0	343,230	13,885	4,683	361,798	0.00	3 / 4	A
B	4,107	243,176	593,910	97,737	230,000	359,567	0	-93,395	266,173	18.00	3 / 2	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	254,675	687,560	105,060	340,200	294,174	-106,952	55,079	242,301	0.76	7 / 1	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	271,137	701,279	60,535	90,000	551,824	0	-1,080	550,744	16.00	9 / 1	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	12,113	175,060	430,422	47,325	35,100	344,532	0	3,465	347,997	4.00	3 / 2	H
I	1,311	203,688	514,608	49,198	130,500	342,422	-45,856	38,344	334,910	5.00	5 / 5	I
J	0	109,314	331,458	263,456	125,000	-6,327	0	-50,671	-56,998	0.00	1 / 2	J
K	0	407,261	741,630	286,081	247,000	278,521	0	-69,972	208,549	13.00	8 / 1	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	2,191	232,926	551,195	119,536	149,725	313,493	-17,365	-14,193	281,934	7.10	5 / 2	

**SELECTED FINANCIAL AND OPERATING STATISTICS**

**CREDIT RATING DATA**

	Costs and Profits as a % of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	50.4 %	6.6 %	<b>40.1 %</b>	1.6 %	<b>1.3 %</b>	0.7 %	4.25	23	3.45	<b>0.03</b>	1.94	Medium	A
B	54.9	5.6	28.2	1.9	9.5	5.1	2.49	36	4.28	0.47	<b>0.00</b>	N/A	B
C	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	C
D	58.0	5.6	20.2	2.0	14.2	7.1	2.42	35	3.62	0.58	1.56	Medium	D
E	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	E
F	53.5	<b>5.5</b>	19.6	2.2	<b>19.3</b>	<b>12.8</b>	<b>4.48</b>	37	<b>19.03</b>	0.15	3.02	Low	F
G	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	G
H	<b>67.7</b>	7.0	<b>11.9</b>	2.4	10.9	6.4	3.70	34	10.70	0.11	2.64	Medium	H
I	53.4	5.8	19.8	2.0	19.0	11.8	4.14	48	8.79	0.28	<b>4.55</b>	Low	I
J	<b>69.1</b>	6.3	17.2	2.4	4.9	<b>-14.7</b>	<b>0.41</b>	38	0.25	<b>1.11</b>	<b>0.00</b>	N/A	J
K	<b>39.8</b>	<b>8.3</b>	<b>37.0</b>	3.0	11.8	5.2	1.42	<b>477</b>	2.71	0.66	<b>0.00</b>	N/A	K
L	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	L
	55.1 %	6.2 %	24.5 %	2.1 %	12.1 %	5.8 %	1.95	91	6.60	0.42	1.71	Medium	

**Bold** = best in industry      **Yellow** = needs management attention

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		9.66	<b>10.35</b>	11.93	<b>12.97</b>	13.93	<b>15.19</b>
	Private-Label Footwear		8.13	<b>10.09</b>	10.04	<b>11.70</b>	12.30	<b>13.40</b>
Labor — North America	Total Compensation (\$/year)		19,131	<b>17,734</b>	21,547	<b>21,332</b>	23,022	<b>23,334</b>
	Productivity (pairs/worker/year)		3,794	<b>3,697</b>	4,565	<b>4,503</b>	5,943	<b>5,912</b>
	Labor Cost (\$/pair produced)		4.05	<b>4.07</b>	5.27	<b>5.31</b>	6.01	<b>6.21</b>
Europe Africa	Total Compensation (\$/year)		18,869	<b>18,820</b>	21,230	<b>21,461</b>	23,283	<b>23,906</b>
	Productivity (pairs/worker/year)		4,322	<b>4,374</b>	4,582	<b>4,619</b>	4,871	<b>4,862</b>
	Labor Cost (\$/pair produced)		4.42	<b>4.48</b>	5.09	<b>5.11</b>	5.99	<b>6.05</b>
Asia Pacific	Total Compensation (\$/year)		6,242	<b>7,111</b>	8,199	<b>8,465</b>	10,078	<b>10,347</b>
	Productivity (pairs/worker/year)		2,304	<b>2,315</b>	2,717	<b>2,716</b>	3,115	<b>3,075</b>
	Labor Cost (\$/pair produced)		2.64	<b>2.82</b>	3.35	<b>3.42</b>	4.04	<b>4.06</b>
Latin America	Total Compensation (\$/year)		6,300	<b>6,300</b>	7,405	<b>7,307</b>	8,510	<b>8,314</b>
	Productivity (pairs/worker/year)		2,743	<b>2,575</b>	2,837	<b>2,735</b>	2,931	<b>2,894</b>
	Labor Cost (\$/pair produced)		2.79	<b>3.04</b>	2.93	<b>3.04</b>	3.06	<b>3.04</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	1.08	<b>0.82</b>	2.50	<b>2.50</b>
	Cumulative		0.06	<b>0.05</b>	1.05	<b>1.04</b>	2.20	<b>2.20</b>
Reject Rates	Branded Production		1.5%	<b>1.2%</b>	6.8%	<b>6.9%</b>	10.6%	<b>11.3%</b>
	Private-Label Production		1.4%	<b>1.5%</b>	4.1%	<b>3.8%</b>	6.6%	<b>6.3%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.00	<b>23.42</b>	28.33	<b>28.37</b>	34.35	<b>31.69</b>
	E-A		25.36	<b>27.10</b>	27.90	<b>28.48</b>	29.81	<b>31.07</b>
	A-P		22.14	<b>21.89</b>	26.22	<b>26.90</b>	30.11	<b>29.86</b>
	L.A.		25.59	<b>26.50</b>	28.82	<b>28.18</b>	32.05	<b>29.86</b>
	Private-Label — N.A.		21.35	<b>21.90</b>	24.94	<b>25.97</b>	29.37	<b>29.85</b>
	E-A		25.52	<b>27.62</b>	25.52	<b>27.62</b>	25.52	<b>27.62</b>
	A-P		20.60	<b>21.50</b>	22.22	<b>24.59</b>	23.03	<b>28.36</b>
	L.A.		27.21	<b>0.00</b>	27.21	<b>0.00</b>	27.21	<b>0.00</b>

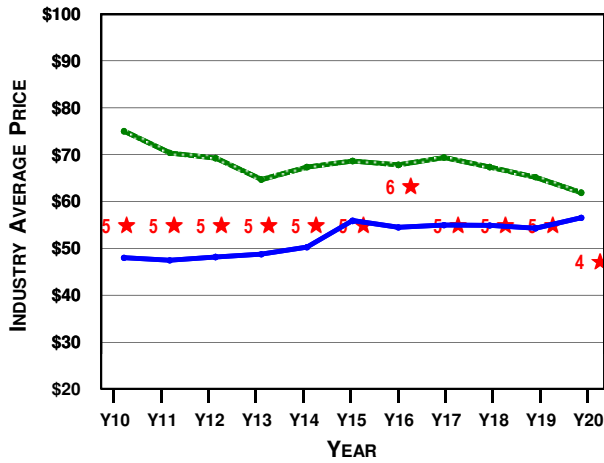
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.44	<b>26.41</b>	30.08	<b>30.69</b>	35.52	<b>36.29</b>
		E-A	27.72	<b>28.49</b>	32.03	<b>31.88</b>	36.96	<b>36.03</b>
		A-P	23.57	<b>23.53</b>	27.49	<b>28.03</b>	31.21	<b>30.93</b>
		L.A.	25.38	<b>26.19</b>	30.97	<b>31.33</b>	37.19	<b>37.72</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.36	<b>10.49</b>	10.58	<b>10.66</b>	10.78	<b>10.81</b>
			2.00	<b>2.19</b>	2.30	<b>2.40</b>	2.49	<b>2.68</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	10.40	<b>8.66</b>	15.76	<b>16.78</b>	22.73	<b>25.11</b>
			6.35	<b>5.05</b>	13.64	<b>15.39</b>	21.65	<b>26.08</b>
Administrative Expenses	(\$/pair sold)		1.08	<b>0.97</b>	1.42	<b>1.35</b>	1.72	<b>2.08</b>
Operating Profit (\$ per pair sold)	— Internet	N.A.	-5.61	<b>2.55</b>	16.72	<b>12.06</b>	26.43	<b>21.42</b>
		E-A	-6.11	<b>-0.24</b>	16.41	<b>13.46</b>	26.72	<b>22.13</b>
		A-P	-0.06	<b>1.92</b>	21.42	<b>14.79</b>	33.18	<b>24.38</b>
		L.A.	16.96	<b>-0.54</b>	23.72	<b>13.32</b>	32.48	<b>28.15</b>
Wholesale	—	N.A.	-1.12	<b>-1.31</b>	5.68	<b>5.65</b>	10.27	<b>14.19</b>
		E-A	-1.56	<b>2.98</b>	6.28	<b>7.54</b>	9.55	<b>12.13</b>
		A-P	-0.06	<b>1.11</b>	6.73	<b>6.28</b>	11.97	<b>11.37</b>
		L.A.	-5.33	<b>-4.96</b>	7.09	<b>5.62</b>	15.23	<b>12.11</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.60	<b>23.15</b>	23.97	<b>27.22</b>	25.34	<b>31.10</b>
		E-A	26.77	<b>27.66</b>	28.12	<b>30.26</b>	30.01	<b>34.26</b>
		A-P	21.85	<b>22.75</b>	23.47	<b>23.95</b>	24.28	<b>25.15</b>
		L.A.	23.29	<b>24.40</b>	28.04	<b>26.49</b>	31.23	<b>28.57</b>
Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.04	<b>1.10</b>	1.20	<b>1.20</b>
Margin Over Direct Costs (\$ per pair sold)	—	N.A.	3.06	<b>-2.50</b>	4.95	<b>1.48</b>	6.84	<b>5.09</b>
		E-A	5.09	<b>-2.29</b>	5.53	<b>0.63</b>	5.78	<b>5.12</b>
		A-P	2.06	<b>-1.19</b>	4.58	<b>1.34</b>	6.49	<b>3.86</b>
		L.A.	3.47	<b>2.84</b>	6.16	<b>4.87</b>	10.25	<b>6.89</b>

**CELEBRITY ENDORSEMENTS**

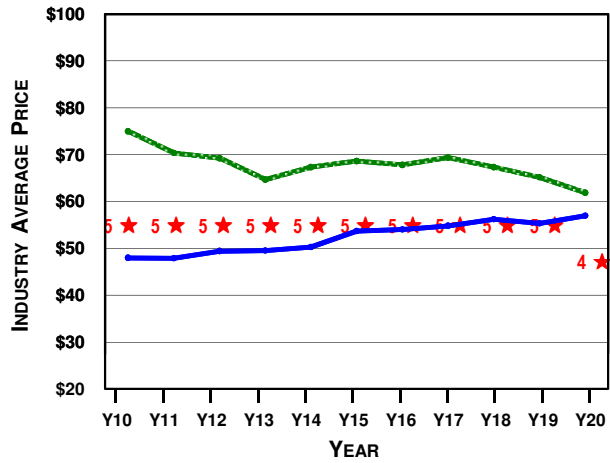
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company A	40,000	Y19	2 years	5	40,000	25,002	23,731	15,555
Oprah Letterman	100	70	65	75	Company A	41,000	Y20	3 years	2	41,000	40,000	40,500	40,000
Fifa Beckham	70	100	70	55	Company B	26,390	Y16	5 years	8	26,390	21,001	16,355	7,888
Tiger Green	95	80	85	75	Company A	41,000	Y20	2 years	2	41,000	40,000	40,500	40,000
José Montaña	60	50	60	95	Company A	28,765	Y18	3 years	7	28,765	26,867	19,984	9,999
Kobioshi Jones	55	60	95	90	Company A	41,000	Y20	4 years	2	41,000	30,000	35,500	30,000
Ace Federar	50	90	50	85	Company D	15,000	Y20	1 year	1	15,000	0	15,000	15,000
Danica Andretti	70	65	55	60	Company A	40,000	Y19	3 years	5	40,000	29,562	26,394	17,777
LaBron Game	75	80	95	50	Company D	25,002	Y17	4 years	5	25,002	18,630	15,242	5,555
Lorena Lopez	45	85	60	100	Company K	32,562	Y19	2 years	5	40,000	32,562	25,917	18,133
Lance deFrance	80	85	75	70	Company A	41,000	Y20	3 years	2	41,000	30,000	35,500	30,000
Yao KungPao	60	35	100	50	Company J	26,001	Y18	4 years	7	28,765	26,001	19,983	9,999

**BRANDED PRICE AND S/Q RATING TRENDS**

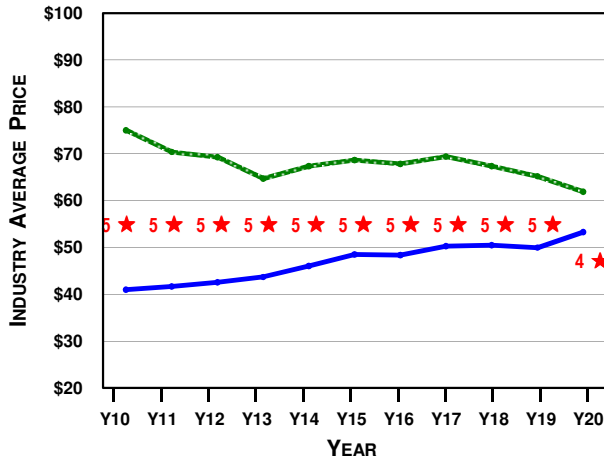
**NORTH AMERICA**



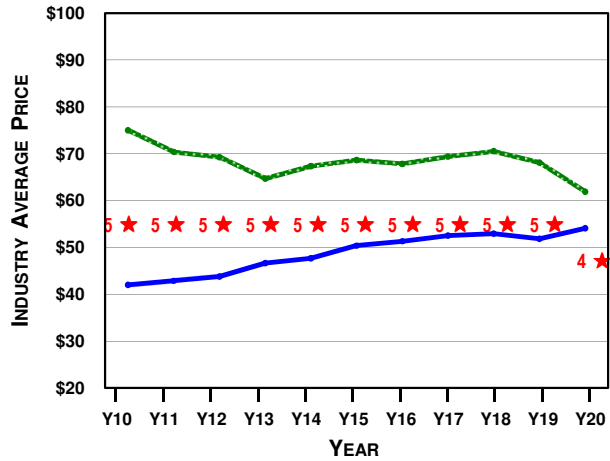
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



----- Internet Price (industry average)     
 ———— Wholesale Price (industry average)     
 ★ S/Q Rating (industry average)